

# THUNDER BASIN COAL COMPANY

A Subsidiary of Arch Western Resources LLC

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- get w/ Details on  
Issue #1

**THUNDER BASIN COAL COMPANY**

*Black Thunder Mine*

*P.O. Box 406*

*12 Miles Southeast of Wright on Highway 450*

*Wright WY 82732*

*(307) - 939-1300*

DATE: 10/1/01

TIME: \_\_\_\_\_

TO: Task Force  
(Name)

FIRM: CEQ

FAX #: 202-456-6546  
(Firm)

FROM: Greg Schaefer

PHONE#: 307-464-2330

Number of Pages including this Cover Sheet: 5

COMMENTS: \_\_\_\_\_

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## ADMINISTRATION

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**GREG SCHAEFER, P.E.**  
Director - External Affairs  
Western Region

October 1, 2001

Chair, Council on Environmental Quality  
Executive Office of the President  
17<sup>th</sup> and G Streets, NW  
Washington, DC 20503

Attention: Task Force

Dear Task Force,

Thank you for the opportunity to provide these comments on the efforts of the Energy Task Force.

### **Foreward**

The August 20, 2001 Federal Register had a request for information and comments regarding energy production in the United States. The notice asks for "specific suggestions, and examples of permitting or other decision making processes which should be streamlined or other decision making processes which should be improved or streamlined."

The inference in the document is that this would apply to projects being developed. We urge that CEQ also address existing energy projects that are or have been experiencing permitting/regulatory problems. This discussion will focus on the Arch Coal Company's West Elk Mine in western Colorado.

### **Background**

The West Elk Mine is one of the largest and most productive underground coal mines in the United States. The mine produces exceptionally high quality coal (12,000 Btu/lb) and has some of the lowest sulfur coal reserves in the United States. As mining has progressed into deeper areas, the coal quality has increased, but at the same time the level of methane in the mine has also increased. West Elk personnel anticipated this increase in methane by building one of the largest ventilation systems in the United States. Unfortunately, the level of methane was much greater than ever anticipated.

The result was that dangerous levels of methane accumulated in the mine, forcing the mine to substantially cut back on production (to about 30% of capacity) in order to protect worker safety. The solution, which is used in other parts of the United States, was

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to drill methane ventilation holes from the surface. In our short experience with surface drilling program is that it works and we have now been able to get back to about 70-80% capacity in the short term. However, it is critical to gain access to the remainder of the reserve in order to reduce methane levels as much as possible prior to mining the area.

In the near term, we are faced with a critical time frame. The next panel scheduled to be mined will begin around January, 2002, and past experience has shown that we cannot safely mine the panel until the surface drilling is completed. If the methane is not vented, the result will once again be a drastic reduction in production. Since the National Forest Service owns the surface, we have had to work with the agency to gain approval for the surface drilling program. In the panel of immediate interest, we diligently worked with the community and local environmental groups to gain their support for the drilling program. The reason for their support was that if we gained immediate permission to conduct the drilling, it would be completed by the end of October 2001. This avoids the need to drill in mountainous terrain in the winter, and thereby minimizes environmental impacts.

Despite the fact that we achieved consensus with the interested parties, the Forest Service determined that an Environmental Assessment was required, as opposed to using a Categorical Exclusion that was agreed to by all other parties. While the threat of litigation was minimized, the Forest Service was still concerned about going ahead without the additional NEPA work. The Forest Service is hoping that no negative comments will be received on the EA, and that the approval can be issued by the end of October 2001. If any negative comment is received, then the 45-day appeal period is triggered and drilling won't commence until the dead of winter.

Arch Coal, Inc. approached the Forest Service about an emergency declaration as allowed by Forest Service and CEQ rules. This process would have ensured that the necessary drilling would have been completed before winter. The response was that very few emergency waivers have ever been granted and that CEQ was unwilling to proceed with this option any further. It was reported to us that CEQ also believed that pursuing the emergency option would take a significant amount of time.

**Recommendation:** provide more flexibility in allowing federal officials to reduce NEPA requirements where controversy has been minimized/eliminated. Provide more flexibility in the emergency waiver policy in those situations where it is clear that environmental impacts will be reduced (as opposed to waiting). Where an emergency exists, time to address the emergency should be minimized, not used as an excuse to avoid addressing the issue.

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### **Roadless Areas**

Perhaps one of the greatest reasons for the heightened sensitivity on Forest Service lands in the west is the issue of roadless areas. In establishing the boundary for the now enjoined Roadless Area, the former Administration simply relied on the boundaries as proposed in the 1979 RARE II EIS. No further ground truthing took place, and in fact we were told that no modifications of the boundary would be considered during the original rulemaking. With regard to the West Elk Mine, the Forest Service has historically managed the area as inventoried roadless that allows road construction and reconstruction. An Oil and Gas EIS completed in 1991 stated that due to energy production in this area, the roadless area values had already been compromised (which is no surprise considering the 100 plus year history of coal mining in this area).

The West Elk Mine is located on the edge of the Roadless Area designation in the Grand Mesa, Uncompaghre and Gunnison National Forest. Even though the final rule has been enjoined, the lingering uncertainty has frozen Forest Service decisions, and as such project approvals have slowed down dramatically.

The Roadless Area designation not only impacts the West Elk Mine, but two other neighboring mines in the North Fork Valley of Colorado as well. This area represents about 50-60% of the total coal production in Colorado. In addition, the Roadless area designation overlaps approximately 70% of the coal production in Utah (Manti-LaSal National Forest).

With no change in the Roadless Area rule, the future of the West Elk Mine is certain -- no access to coal reserves translates into no future coal mining. It was estimated by the Department of Energy that approximately 250 million tons of high quality, low sulfur coal would be sterilized if the Roadless Area rule was allowed to stand as written. This is unfortunate when the area is an historic mining district and where the infrastructure is in place.

**Recommendation:** expeditiously review the Roadless Area rule and ensure that existing coal mining operations are not prematurely closed due to implementation of the rule. In the interim period, ensure that the specter of the enjoined Roadless Area rule is not used as an excuse to delay decisions regarding these operations.

### **Coalbed Methane**

As previously discussed, the short term need by several mines in the North Fork Valley of western Colorado (West Elk and Oxbow Mines) is to address the safety aspect of methane buildup in the mine. This is being addressed by the surface drilling program used to drain the methane as described above. Once the short-term safety issue is

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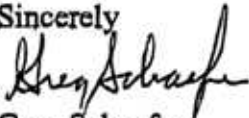
addressed, the mines will then assess the viability of capturing the methane and putting it to beneficial or commercial use.

As you may very well be aware, coalbed methane development is becoming an important source of energy in various parts of the country. However, in this area one of the self limiting factors against development of this resource is once again the roadless area issue, as well as other Forest Service policies such as the Transportation Rule. It is possible to revise the Forest Management Plan to incorporate this emerging energy source, but unfortunately, these revision can take as long as four to seven years. If commercial development of this resource is to take place, it will take surface access in order to install the infrastructure to get the gas to market.

**Recommendation:** facilitate and provide incentives for developing this resource in a timely manner.

Again, thank you for the opportunity to provide these comments.

Sincerely



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